

Message Text

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ACTION EB-08

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FM AMCONSUL SYDNEY

TO SECSTATE WASHDC 8316

INFO AMEMBASSY CANBERRA

AMCONSUL MELBOURNE

AMCONSUL BRISBANE

AMCONSUL PERTH

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E.O. 11652: N/A

TAGS: ETRD, BEXP, AS

SUBJECT: INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL EXPORT
POLICY

REF: STATE 095673

THE FOLLOWING SUGGESTIONS REFLECT CONTRIBUTIONS BY OFFICERS OF
THE CONSULATE GENERAL, THE IMC, AND EXECUTIVES OF THE AMERICAN
CHAMBER OF COMMERCE IN AUSTRALIA (AMCHAM). OPINIONS ARE NOT
UNANIMOUS, BUT REPRESENT A REASONABLE CONSENSUS.

1. IT IS HOPED THAT THE NEW EXPORT DRIVE WILL BE MANIFESTED IN
A CLEAR DECLARATION TO THE AMERICAN BUSINESS COMMUNITY, THAT
THE ADMINISTRATION IS DETERMINED TO GIVE U.S. EXPORTERS
COMPETITIVE PARITY IN WORLD MARKETS. IN THEPAST, U.S.
BUSINESS OFTEN HAS BEEN DISTURBED BY HINTS FROM WASHINGTON
THAT THE USG HAD NO PROPER ROLE, OR A MARGINAL ROLE AT BEST,
TO PLAY IN EXPORT PROMOTION - THAT MECHANICAL FACTORS, SUCH
AS EXCHANGE RATES, FOR INSTANCE, WOULD SOMEHOW AUTOMATICALLY
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REDRESS IMBALANCES OF PAYMENTS. FOR THIS REASON, WE
WOULD SUGGEST THAT OMB BE INCLUDED IN THE TASK FORCE.

2. U.S. BUSINESS ABROAD FEELS A GREAT NEED FOR
"COMPETITIVE PARITY" - AND CLEAR GUIDELINES REGARDING
REGULATIONS. OTHER MAJOR TRADING NATIONS OPERATE
WITHOUT MANY OF THE RESTRICTIONS THAT THE USG HAS IMPOSED

ON AMERICAN FIRMS. THE REMOVAL OF UNILATERAL RESTRICTIONS WILL PLACE U.S. FIRMS ON AN EQUAL FOOTING WITH THEIR COMPETITORS IN OTHER NATIONS. THE POST GETS THE IMPRESSION THAT SOME FIRMS ARE BEING EVEN MORE CIRCUMSPECT THAN THE LAW REQUIRES, BECAUSE OF THE ABSENCE OF EXPLICIT GUIDELINES, PRECEDENT, OR ADVISORY OPINIONS FROM THE DEPARTMENT OF JUSTICE AND COMMERCE. EXAMPLES CITED BY AMCHAM WERE THE FIELDS OF ANTI-TRUST, TRANSFER OF TECHNOLOGY, CORRUPTION, AND BOYCOTTS. CLEAR GUIDELINES REGARDING THESE AREAS WOULD REDUCE THE AMOUNT OF UNCERTAINTY REGARDING GOVERNMENTAL ACTIONS AGAINST US FIRMS.

3. ANOTHER INGREDIENT THAT WILL BE NEEDED IF THE US BUSINESS COMMUNITY IS GOING TO BE SUCCESSFULLY ENLISTED, IS AN ASSURANCE FROM THE HIGHEST POLITICAL LEVELS THAT USG SUPPORT WILL NOT BE SUMMARILY WITHDRAWN AS SOON AS THE EXPORT CAMPAIGN BEGINS TO BEAR FRUIT. AS AN EXAMPLE, SOME COMPANIES WERE HESITANT FROM THE BEGINNING TO TAKE ADVANTAGE OF DISC OPPORTUNITIES BECAUSE THESE OPPORTUNITIES WERE SEEN AS CERTAIN TO BE WITHDRAWN AS SOON AS THEY WERE PROFITABLE.

4. WE WOULD ALSO HOPE THAT OFFICIAL INTEREST WOULD NOT BE LIMITED TO MANUFACTURED GOODS AND FARM PRODUCE. IT WOULD SEEM THAT SERVICES (E.G. ENGINEERING AND UNCLASSIFIED

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CONSTRUCTION) HAVE EQUALLY IMPORTANT ROLES TO PLAY, ESPECIALLY, AS USDOC HAS REPEATEDLY AND ACCURATELY NOTED, SINCE SERVICES OFTEN ARE ACCOMPANIED BY, OR ARE PRECURSORS TO, AN INCREASED EXPORT OF AMERICAN GOODS. MOREOVER, SERVICES, INCLUDING TOURISM, HAVE THE ADVANTAGE THAT THEIR "SUPPLY" CAN USUALLY BE EXPANDED MUCH FASTER THAN IS THE CASE WITH MANUFACTURED GOODS.

5. THE U.S. BUSINESS COMMUNITY ABROAD HAS PERCEIVED, WHETHER RIGHTLY OR WRONGLY, A GROWING TENDENCY ON THE PART OF THE USG TO REGARD CONTINUED RESIDENCE ABROAD BY US BUSINESSMEN AS SOMEHOW INIMICAL TO US INTERESTS. THIS TENDENCY HAS BEEN MOST EVIDENT IN PROPOSED CHANGES IN TAX TREATMENT OF BUSINESSES AND BUSINESSMEN, (SECTION 911) STUDIES CONDUCTED BY USDOC PURPORT TO SHOW THAT INVESTMENT ABROAD AND OVERSEAS RESIDENCE BY AMERICAN EXECUTIVES AND TECHNICIANS RESULT IN INCREASED EXPORTS AND IN A NET INCREASE IN US DOMESTIC EMPLOYMENT. IF THE ADMINISTRATION HAS FAITH IN THESE STUDIES, THEY SHOULD BE PUBLISHED WIDELY, AND THE BENEFITS OF US FOREIGN INVESTMENT EXPLAINED TO LABOR GROUPS AND THE GENERAL PUBLIC. IF THE REPORTS ARE NOT TRUSTED, THEN THE REAL TRUTH SHOULD BE SOUGHT AND

PUBLISHED.

6. AMCHAM SUPPORTS A UNIFIED DEPARTMENT OF INTERNATIONAL TRADE AND INVESTMENT (DITI). THE POST'S SUPPORT OF THE DITI CONCEPT IS MORE CAUTIOUS, UNTIL WE KNOW EXACTLY

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WHAT IT IS WE WOULD BE SUPPORTING. A CASE CAN BE MADE THAT MAJOR BUREAUCRATIC REALIGNMENTS TEND TO FOCUS OFFICIAL ATTENTION ON INTERNAL JURISDICTIONAL DISPUTES, AT LEAST INITIALLY, AND THAT WHAT IS REQUIRED NOW IS UNDIVIDED ATTENTION TO ACTIVE PROMOTIONAL WORK. HOWEVER, IT IS STRONGLY FELT SOME MEANS MUST BE FOUND TO MAKE THE US DOMESTIC BUSINESS COMMUNITY MORE AWARE OF THE EXPORT PROMOTION SERVICES THAT ARE AVAILABLE AT NOMINAL OR NO COST. AMCHAM SUGGESTED AN INTENSIFIED USE OF LOCAL CHAMBERS OF COMMERCE IN THE U.S. CERTAINLY, THIS IS ONE OF MANY TECHNIQUES THAT ARE NOW USED, AND CAN BE INTENSIFIED. BUT REPEATED EXPERIENCES OF FOREIGN SERVICE OFFICERS ON HOME LEAVE SUGGEST THAT THERE IS A CRYING NEED FOR BETTER COMMUNICATION BETWEEN THE USG AND THE US BUSINESS COMMUNITY.

7. THE POST BELIEVES THAT IN AUSTRALIA, AND OTHER DEVELOPED COUNTRIES, USG FACILITATED TRADE EXHIBITIONS ARE A MOST EFFECTIVE MEASURE FOR INCREASING EXPORTS AND THUS CONTRIBUTING TO THE HEALTH OF THE US ECONOMY. NO OTHER METHOD WITHIN THE SPECTRUM OF SERVICES PROVIDED BY

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FOREIGN SERVICE COMMERCIAL PROGRAM CAN MATCH EXHIBITIONS IN THE SENSE OF BRING BUYER, SELLER AND AN OPERATING PRODUCT TOGETHER IN THE SAME PLACE AT THE SAME TIME. IN AN AVERAGE YEAR, THE PRODUCTS AND REPRESENTATIVES OF SOME 250 US FIRAS WILL BE MET BY SOME 10,000 QUALIFIED AUSTRALIAN BUYERS AT EXHIBITIONS OPERATED BY THE SYDNEY IMC. GIVEN THE LACK OF PROPENSITY OF US MANUFACTURERS TO EXPORT, THERE IS NO REASON TO EXPECT EVEN A FRACTION OF THIS MARKET EXPOSURE WITHOUT THE INTERMEDIARY OF A TRAINED USG TEAM- ESPECIALLY IN A MARKET AS REMOTE AS THE SOUTHWEST PACIFIC. NOW IS AN APPROPRIATE TIME TO RE-EXAMINE AND DISCARD SEVERAL CONCEPTS WHICH HAVE INHIBITED THE EVALUATION AND THUS THE EFFECTIVENESS OF THE EXHIBITION PROGRAM:

(I) THE TRADITIONAL MEASURE OF ONE YEAR SALES PROJECTIONS RESULTING FROM THE EXHIBITION CAN BE ESTIMATED AS PRECISELY AS ANY OTHER BUSINESS FORECASTS; HOWEVER, THE ONLY ACCURATE MEASURE IS THE PRESENT VALUE OF ALL FUTURE EXPORT RECEIPTS RESULTING FROM PARTICIPATION IN THE EXHIBITION MINUS THE PRESENT VALUE OF ALL FUTURE EXPORT RECEIPTS THAT WOULD HAVE BEEN REALIZED BY THE SUBJECT COMPANY IN THE SUBJECT MARKET HAD THERE BEEN NO USG EXHIBITION.

(II) SIMILAR REASONING CAN BE USED TO REJECT THE ARGUMENT PRESENTED BY NUMEROUS COMMISSIONS AND CONGRESSIONAL COMMITTEES TO THE EFFECT THAT MOST EXHIBITORS "EVENTUALLY WOULD HAVE GONE INTO EXPORTING WITHOUT THE USG EXHIBITION AS A VEHICLE". THIS ARGUMENT PROMPTS THE QUESTION OF WHEN "EVENTUALLY" COMMENCES AND WHAT IS THE MAGNITUDE OF THE OPPORTUNITY COST SACRIFICE IN THE MEANTIME.

(III) AN ARTICLE OF FAITH THAT SHOULD BE CLOSELY EXAMINED BY THE TASK FORCE IS THE IDEA THAT A TC/IMC MUST BE

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CONSIDERED PRIMARILY AS A PHYSICAL DISPLAY FACILITY IN ORDER TO GUARANTEE ANY DEGREE OF BUREAUCRATIC PERMANENCE AND THUS A CULULATIVE EFFECT ON THE MARKET IT SERVES. THE PHYSICAL FACILITY IS AN IMPORTANT ELEMENT IN THE PROGRAM IN MOST AREAS, BUT ANY CENTER ORGANIZATION IS MUCH MORE THAN A PHYSICAL ENTITY, IT IS A BANK OF SKILLS AND RESOURCES THAT SHOULD BE SUPPORTED BY STAFFING AND VARIABLE COST FUNDING CONSONANT WITH THE EXPORT MARKET OPPORTUNITY.

8. WE RECOMMEND THAT STATE/COMMERCE MAKE AN IMMEDIATE STUDY OF DIRECT HIRE AND CONTRACT STAFFING AT ALL TC/IMC'S IN THE WORLD, ESTIMATE THE NUMBER OF MAN YEARS TO CARRY OUT EACH ELEMENT OF A CENTER'S PROGRAM, AND DRAWING ON THESE TWO STUDIES ESTABLISH ADEQUACY AND PARITY OF STAFFING IN ALL CENTERS. THE IMC CONCEPT, WHILE MUCH MORE FLEXIBLE THAN THE TRADE CENTER FORMAT FOR A MARKET SUCH AS THE SOUTH WEST PACIFIC, STILL INCORPORATES CERTAIN RIGIDITIES THAT PREVENT FULL EXPLOITATION OF RESOURCES IF THE PRINCIPLE OF MOLDING THE PROGRAM TO MARKET OPPORTUNITIES IS TRULY APPLIED, THERE IS NO INTRINSIC REASON FOR LIMITING THE TOTAL NUMBER OF OFF-SITES TO THREE. IN THIS REGION, POCKETS OF ECONOMIC CONCENTRATION AND MARKET OPPORTUNITIES ARE SCATTERED OVER GREAT DISTANCES AND IN OUR OPINION CAN ONLY BE SERVED BY TAKING THE EVENT TO THE MARKET PLACE. FOR THAT REASON, WE ADVOCATE ADDING THE CONCEPT OF "MINI-OFFSITES" SUCH AS THE ONE RECENTLY HELD IN PORT MORESBY (REF: SYDNEY A-11) TO THE MIX OF "MAJOR" OFF-SITE AND ON-SITE EXHIBITIONS. IN ORDER TO BE SUCCESSFUL, THIS CONCEPT WOULD REQUIRE THAT EXHIBITION FEES BE SCALED TO MARKET SIZE AND SPACE COSTS RATHER THAN BEING FIXED AS THEY HAVE BEEN FOR SO MANY YEARS. FIXED FEES DISCOURAGE US FIRMS EXHIBITING IN SMALLER MARKETS

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AND ARE CLEARLY DISCRIMINATORY. THE US EXHIBITOR
PARTICIPATING IN A EXHIBITION IN A MAJOR EUROPEAN

SHOWGROUNDS IS SUBSIDIZED BY THE USG TO A MUCH GREATER DEGREE THAN THE EXHIBITOR WHO PARTICIPATES IN AN EXHIBITION IN PORT MORESBY AND PAYS THE SAME FEE.

9. ASSOCIATED WITH THE SIMPLE OBJECTIVE OF INCREASING EXPORTS ARE PARALLEL OBJECTIVES OF EXPANDING THE NUMBER OF US MANUFACTURERS IN EXPORTING AND PRESENTING TRULY NEW PRODUCTS AND COMPANIES TO THE HOST MARKET. THESE GOALS CAN ONLY BE ACHIEVED WITH SUBSTANTIAL ASSISTANCE FROM COMMERCE, BOTH IN WASHINGTON AND IN THE FIELD OFFICES. IF ANYTHING, THIS TYPE OF SUPPORT MUST BE INCREASED IN ORDER TO IMPROVE OUR EXPORT PERFORMANCE. WE HAVE HEARD THAT THE PENDING RE-ORGANIZATION OF BED COULD RESULT IN A SUBSTANTIAL DECREASE IN WASHINGTON SUPPORT STAFF - PERHAPS AS MUCH AS 40 PERCENT. UNLESS THIS SLACK IS TAKEN UP BY OTHER ELEMENTS OF COMMERCE WITH RESPONSIBILITY TO DIRECTLY SUPPORT THE TC/IMC PROGRAM, WE SEE THIS MOVE AS A SERIOUS IMPEDIMENT TO

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EXPANDING EXPORTS. AS AN EXAMPLE OF THIS PROBLEM, THE UPCOMING SHOW ON BUSINESS EQUIPMENT AT THE SYDNEY IMC WILL HAVE ONLY ONE RPT ONE OF 47 US EXHIBITORS SEEKING REPRESENTATION IN AUSTRALIA.

20. A FULLY DOCUMENTED AND EASILY RETRIEVABLE AGENCY INDEX IS A VALUABLE ADJUNCT TO PRACTICALLY EVERY TYPE OF PROGRAM NEEDED TO IMPROVE EXPORTS. WE RECOMMEND THAT COMMERCE BE FUNDED TO SURVEY ALL US MANUFACTURERS WITH THE GOAL OF IDENTIFYING THEIR AUTHORIZED AGENTS IN ALL COUNTRIES OF THE WORLD. THIS INFORMATION WOULD THEN BE COMPUTERIZED, DISTRIBUTED TO THE POSTS, AND PERIODICALLY UPDATED. PENDING IMPLEMENTATION OF SUCH A PROGRAM, IT WOULD BE WORTHWHILE TO CONSIDER FUNDING INTERIM MEASURES TO IMPROVE THE RETRIEVABILITY OF SUCH INFORMATION IN KEY COUNTRIES, INCLUDING AUSTRALIA. THE AUSTRALIAN CCP FOR FY79, FOR INSTANCE, INCLUDES AS A SPECIAL ACTION THE UPDATING AND POSSIBLE COMPUTERIZATION OF THE INDEX OF LOCAL AGENTS OF AMERICAN FIRMS. IN AUSTRALIA, THE AMERICAN CHAMBER OF COMMERCE STATES THAT IT COULD BE MORE EFFECTIVE IN SUPPLEMENTING THE FOREIGN SERVICE EFFORTS IN THIS FIELD IF IT ALSO HAD ACCESS TO ANY SYSTEM DEVELOPED, AND WE AGREE.

11. THE EFFECTIVENESS OF COMMERCIAL NEWSLETTERS PUBLISHED IN MOST COUNTRIES IS DIRECTLY RELATED TO THEIR FREQUENCY, PUBLICATION LAG, AND THE SIZE OF THE MAILING LIST. TOO OFTEN, FUNDING LIMITATIONS HAMSTRING THE NEWSLETTER PROGRAM BY CUTTING BACK ON ONE OR MORE OF THESE CRITERIA. IN ADVANCED COUNTRIES WITH MANY US FIRMS ALREADY

REPRESENTED BY AFFILIATES OR DISTRIBUTORS, WE RECOMMEND
THAT TRADE OPPORTUNITIES RECEIVE MORE TIMELY PUBLICATION
IN THE NEWSLETTER AS WELL AS BEING DISTRIBUTED IN THE U.S.,
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THROUGH THE COMPUTER SYSTEM BY COMMERCE WASHINGTON.
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